

EXHIBIT “A”

APR. 26. 2007 2:39PM

CITY OF E PALO ALTO

NO. 5385 P. 2

ORDINANCE NO. 299

**AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY
OF EAST PALO ALTO ADOPTING AND IMPOSING A TEMPORARY
MORATORIUM ON THE CONVERSION OF MOBILEHOME PARKS
TO RESIDENT OWNERSHIP**

The City Council of the City of East Palo Alto does ordain as follows:

SECTION 1. This ordinance is adopted pursuant to Gov. Code §§ 36937(d) and 65858. The purpose of this ordinance is to prohibit the conversion of mobilehome parks to resident ownership within the city of East Palo Alto pending enactment of permanent regulations affecting such conversions. The East Palo Alto City Council finds and determines as follows:

- a. Mobilehome parks provide a significant segment of the affordable housing stock available for East Palo Alto residents. At present there are two mobilehome parks subject to rent regulation within East Palo Alto. These two parks containing some 150 mobilehome spaces are subject to the rent adjustment provisions of Chapter 14.04 of the East Palo Alto Municipal Code (EPAMC), incorporated by reference herein.
- b. In most instances, mobilehome residents own or are purchasing their mobilehomes and pay monthly rent for the spaces beneath. Annual rent increases for mobilehome spaces are regulated under Chapter 14.04 of the EPAMC.
- c. The reasons for the City's Rent Adjustment Ordinance are set forth at § 14.04.020 of the EPAMC.
- d. The Housing Element of the City's General Plan, incorporated by reference herein, seeks to preserve affordable housing by conserving the City's existing stock of mobilehomes through enforcement of City ordinances that protect mobilehome parks from conversion and by providing rent stabilization protection. The Housing Element acknowledges, and the testimony and evidence adduced at the March 13, 2007 public hearing confirms, that residents of mobilehome parks are seniors, or low-to-moderate income residents unable to purchase homes in the Bay Area housing market. Many residents are on fixed-incomes or are disabled while other residents would have great difficulty in relocating their older mobilehomes to other parks in San Mateo County with comparable amenities.
- e. State law permits a mobilehome park to be subdivided into separate lots, such that residents may own not only the mobilehome itself, but also the space beneath it. These subdivisions are known as "the conversions of a mobilehome park to resident ownership." Upon such conversion to resident ownership, local rent control provisions are, by state law, no longer applicable. The City has been notified by representatives of one mobilehome park owner that the owner intends to seek conversion of a park to resident ownership.

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- f. When initiated by residents of a mobilehome park, the conversion of the park to resident ownership may provide the residents with the security and advantages of full homeownership. Such resident-initiated conversions, however, can be challenging in East Palo Alto, where the land underlying mobilehome parks is often valued in the millions of dollars, far beyond the financial reach of most park residents.
- g. The economic displacement of nonpurchasing residents resulting from the conversion of a mobilehome park initiated by the park owner is subject to Gov. Code § 66427.5. State courts have previously held that local rent controls are displaced upon the sale of a single lot within a mobilehome park. Local experiences indicate that when local rent control is removed, space rents and the sales values of mobilehomes are destabilized. Although state law provides some protection for certain mobilehome park residents, the protections may be inadequate for residents who do not qualify as a lower income household. Furthermore, the rent adjustment provisions applied pursuant to subdivision (f) of Gov. Code § 66427.5 do not appear to extend to new tenants.
- h. While Gov. Code § 66427.5 establishes certain parameters for the processing of an application for conversion of a mobilehome park to resident ownership, it appears to permit some level of local regulation which may include, but need not be limited to: specifying the procedures for accepting and processing applications; regulating the form, content and use of the survey required by Gov. Code § 66427.5; establishing standards to ensure that a conversion to resident ownership is "bona fide" in accordance with case law and Section 2 of Chapter 1142 of the California Statutes of 2002; establishing local incentives for voluntary protection of housing affordable to lower income households within mobilehome parks; or such other regulations as may be essential to avoid the current and immediate loss of a significant portion of the City's vital affordable housing stock.
- i. It is in the interest of the city of East Palo Alto, of owners and residents of mobilehome parks, and of the community as a whole, that the Council consider regulations to promote the lawful purposes of preserving affordable housing within mobilehome parks, while providing opportunities for resident ownership wherever feasible and appropriate. The City Council finds that the adoption of the temporary moratorium is necessary to provide staff and advisory bodies sufficient time to study the issues and make recommendations on whether and how to regulate mobilehome park conversions consistent with the provisions of Gov. Code § 66427.5.
- j. If a temporary moratorium is not imposed, it would be destructive of any proposed future requirements and regulations if, during the period they are being studied and considered for adoption, parties seeking to avoid their operation and effect are permitted to convert existing mobilehome parks to resident ownership in a manner that might defeat in whole, or in part, the objectives of such requirements and regulations. As a result, it is necessary to establish a moratorium and prohibition on the conversion of mobilehome parks to resident ownership within the city of East Palo Alto pending the completion of the City's review of the impacts of park conversions and the enactment of local regulations consistent with the provisions of Gov. Code § 66427.5.

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- k. Conversion of the park to a resident-owned park fundamentally alters the nature of its use because of the significant increase in land value, which would likely cause a significant change in the demographic makeup of the park residents.
- l. The March 13, 2007 Administrative Report to the City Council is hereby adopted as part of the administrative record of these proceedings.

SECTION 2. During the period this ordinance remains in effect, no permit or approval of any entitlement application shall be granted allowing the conversion of a mobilehome park to resident ownership within the city of East Palo Alto.

SECTION 3. Based on the findings and conditions set forth in Section 1 of this ordinance, the City Council determines and declares that the conversion of mobilehome parks to resident ownership without local regulation consistent with the provisions of Gov. Code § 66427.5 constitutes a current and immediate threat to the public health, safety, and welfare; and that this ordinance is necessary as an urgency measure for the immediate preservation of the public peace, health, or safety.

SECTION 4. For the purposes of this ordinance, "mobilehome park" shall mean a mobilehome park as defined in Civil Code § 798.3(a). The phrase "conversion of a mobilehome park to resident ownership" shall mean a subdivision of a mobilehome park pursuant to Gov. Code § 66427.5.

SECTION 5. During the period this ordinance remains in effect, the provisions of this ordinance shall govern. If there is any conflict between the provisions of this ordinance and any provision of the EPAMC or any City ordinance, resolution, or policy, the provisions of this ordinance shall control.

SECTION 6. Environmental Determination. This ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines § 15061(b)(3) and § 15262 in that it can be seen with certainty that there is no possibility that this ordinance or its implementation would have a significant effect on the environment. The Planning Manager is directed to file a notice of exemption in accordance with CEQA and the State CEQA Guidelines.

SECTION 7. Severability. If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be unconstitutional and invalid, such decision shall not affect the validity of the remaining portion of this ordinance. The City Council hereby declares that it would have passed this ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional or invalid.

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SECTION 8. Effective Date. This ordinance is an ordinance for the immediate preservation of the public health, safety and welfare and is hereby declared to be in full force and effect immediately upon its passage, and shall continue in full force and effect for a period of 45 days from its date of adoption unless the terms and time period of this ordinance are extended by the City Council in accordance with Gov. Code § 68585.

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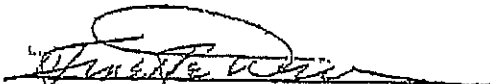
PASSED AND ADOPTED by the City Council of the City of East Palo Alto this 13th day of March, 2007 by the following vote:

| | |
|----------|-----------------------------------|
| AYES: | Abrica, Rutherford, Foster, Woods |
| NOES: | Evans |
| ABSTAIN: | 0 |
| ABSENT: | 0 |




David Woods, Mayor

ATTEST:


Deputy City Clerk

APPROVED AS TO FORM:


City Attorney